

## Message Text

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ACTION AGRE-00

INFO OCT-01 ARA-10 ISO-00 SP-02 USIA-15 AID-05 EB-07  
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01  
L-03 H-02 PA-02 PRS-01 CIAE-00 COME-00 FRB-01  
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /099 W  
-----031828Z 055763 /53

P 031300Z JUN 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 1993

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 4506

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJECT: SOYBEAN EXPORT SITUATION

REF: STATE 120865, BRASILIA 4307, BRASILIA 4330,  
BRASILIA 4440, RIO DE JANEIRO 2504

1. THERE HAS BEEN EXTENSIVE TRADE PRESS AND GENERAL PRESS  
COVERAGE OF BRAZIL'S SOYBEAN EXPORT SITUATION IN RECENT DAYS.  
ALL THE REPORTS REFLECT GROWING ANXIETY REGARDING THE SLOW  
EXPORT MOVEMENT OF THE 1977 CROP. THE FOLLOWING ARE REPRESENTATIVE  
EXAMPLES OF THESE PRESS REPORTS.

2. THE GETULIO VARGAS FOUNDATION, AN INDEPENDENT ECONOMIC  
INSTITUTE IN RIO, IN ITS MAY 27 AGROANALYSIS REPORT STATES:  
QUOTE IT IS IMPORTANT THAT DOMESTIC SOYBEAN PRODUCERS DO NOT  
PRLONG THE HOLDING OF THEIR PRODUCTION, BECAUSE OF THE THREAT  
OF LATER BEING COMPELLED TO QUICKLY SELL THE MAJORITY OF THE  
CROP; THUS DEPRIVING THEMSELVES OF THE BARGAINING POWER THAT  
THEY HAVE GAINED THIS YEAR. PRODUCERS, EXPORTER AND  
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THE GOVERNMENT SHOULD BE AWARE THAT THE BEST WAY TO TAKE  
ADVANTAGE OF CURRENT MARKET CONDITIONS IS IN THE CONTINUED  
EXPORTING OF THE AVAILABLE SURPLUS OVER THE NEXT THREE  
MONTHS. END QUOTE

3. THE WEEKLY AGRICULTURAL TRADE PUBLICATION, SAFRAS AND  
MERCADOS, REPORTS IN ITS MAY 23RD NEWSLETTER: QUOTE BRAZIL

HAS SOLD TO DATE ONLY 40 PERCENT OF ITS AVAILABLE TOTAL SOYBEAN EXPORTS FOR THE 1977/78 MARKETING YEAR. THERE STILL IS A TROUBLESOME 'MOUNTAIN OF SOYBEANS' THAT MUST BE SOLD AND SHIPPED WITHIN THE NEXT THREE MONTHS BEFORE THE FIRST OF SEPTEMBER WHEN THE PRESSURE CAUSED BY THE NEW AMERICAN HARVEST WILL KNOCK PRICES DOWN. END QUOTE

4. THE SAME SAFRAS AND MERCADOS ALSO REPORTS ON THE ESTIMATES FOR THIS YEARS PRODUCTION: QUOTE THE PRODUCTION FINANCE COMMISSION (CFP) LAST WEEK PLACED THE 1976/77 BRAZILIAN SOYBEAN PRODUCTION AT 11.9 MILLION TONS. THE HARVEST IS PRACTICALLY COMPLETE IN ALL STATES. THE CFP, WHOSE ESTIMATE IS MORE IN LINE WITH SFRAS AND MERCADOS, THINKS THE CACEX ESTIMATE OF 11.5 MILLION TONS IS TOO PESSIMISTIC. THE U.S. DEPARTMENT OF AGRICULTURE ALSO ESTIMATES BRAZIL'S PRODUCTION AT 12 MILLION TONS. END QUOTE

5. GOVERNOR SINVAL GUAZELLI OF THE STATE OF RIO GRANDE DO SUL, WHICH ALONE IS RESPONSIBLE FOR 45 PERCENT OF BRAZILIAN SOYBEAN PRODUCTION, HAS ALSO EXPRESSED HIS CONCERN OVER THE SLOW PACE OF SOYBEAN EXPORTS. THE JUNE FIRST ISSUE OF GAZETA MERCANTIL REPORTS QUOTE GOVERNOR GUAZELLIN HAS CANCELLED ALL OF HIS OFFICIAL SCHEDULE FOR THE REST OF THE WEEK IN ORDER TO TRAVEL TO RIO AND PROBABLY TO BRASILIA ALSO TO MEET WITH FEDERAL OFFICIALS. THE DECISION TO REQUEST THE FEDERAL GOVERNMENT TO TAKE STEPS TO REACTIVATE SOYBEAN EXPORTS CAME AFTER AN ANALYSIS OF THE RISKS OF PROLONGING THE CURRENT PARALYZED SALES. END QUOTE

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6. THE RIO GRANDO DO SUL STATE FINANCE SECRETARY, MR. JORGE BABOT MIRANDA TOLD THE GAZETA MERCANTIL QUOTE OUR CONCERN IS GREAT BECAUSE OF THE 1.3 MILLION TONS OF SOYBEANS (AVAILABLE) ONLY 600,000 HAVE BEEN COMMITTED, AND IT IS TOO LATE TO SET SHIPMENTS FOR JUNE. WE STILL HAVE JULY AND AUGUST TO EXPORT SOYBEANS, BUT THIS IS A VERY SHORT TIME. END QUOTE  
CRIMMINS

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## Message Attributes

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**Review Markings:**  
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